



California Public Utilities Commission

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News Release

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PUC LOWERS RATES FOR PG&E CUSTOMERS

SAN FRANCISCO, February 26, 2004 – The California Public Utilities Commission (PUC) today lowered the rates for customers of Pacific Gas and Electric Company (PG&E) by about \$800 million, effective January 1, 2004.

The Commission's decision adopts a Rate Design Settlement supported by parties representing a wide spectrum of utility, residential, governmental, commercial, agricultural, industrial, and small customer interests, including bundled, direct access, and customer generation departing load. The settlement implements the rate reductions contemplated in a previous Commission Decision (D.03-12-035) that approved a Modified Settlement Agreement in PG&E's bankruptcy proceeding.

"This represents another step away from the energy crisis. PG&E's rates were increased twice in 2001, and I am happy that we were able to act quickly after the settlement to lower rates on an equitable basis," said PUC President Michael R. Peevey. "Today's action is long overdue and benefits consumers and the state's economy."

The rate decrease to customer classes is reversed primarily in the manner in which rates were raised in 2001, such that customer classes and rate schedules receiving the largest percentage increases in 2001 are afforded the largest percentage decreases now.

Currently, PG&E's system average rate is 13.8 cents/kWh. Today's decision decreases PG&E's system average rate by approximately 8 percent, which is equal to one cent, bringing the utility's new system average rate to 12.8 cents/kWh.

The revenue allocations are interim, until the full generation cost of service study and final allocation rules are determined in PG&E's General Rate Case.

Further rate decreases are anticipated.

For more information on the PUC, please visit www.cpuc.ca.gov.

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